

ROUTING AND RECORD SHEET

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X-6908

20 May 65

TO: ACTION BRANCH

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PROPER FILE NO.

TO: ALL ADDRESSEES

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COMMENTS

TO	ROOM NO.	DATE		OFFICER'S INITIALS
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3: Worth an agenda item?

Believe Czech Desk has already done. Will check

check to see if I might have had something to do with this case

MICROFILMED
MAY 19 1965
DOC. MICRO. SER.

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CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3828
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17. SECRET	FILE TITLE
TRACE REQUEST	FILE NUMBER (PRIMARY CODE)
ABSTRACT	
INDEX	
DATE MICROFILMED	DOCUMENT DATE
	DOCUMENT NUMBER
	EGMA 66591

7 May 65

DISPATCH		CLASSIFICATION	PROCESSING ACTION	
		K A P O K / S E C R E T		MARKED FOR INDEXING
TO	Chief, EE		XX	NO INDEXING REQUIRED
INFO.	Chief, WE; () COS, Germany			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM	Chief, Bonn Ops Base; Chief, CSB/Frankfurt			
SUBJECT	Chief, Munich Liaison Base KAPOK/DIZTAG/CATIDE/C Hans SCHOEDEL ()			MICROFILM
ACTION REQUIRED - REFERENCES				
RID: PLEASE SEE PARAGRAPH 1c				
REFERENCE: A. COPE 4651, April 1965 B. MUNI 2630, April 1965				
<div style="border: 1px solid black; padding: 5px; text-align: center;"> MICROFILMED MAY 19 1965 DOC. MICRO. SER. </div>				
<p><u>Synopsis:</u> The CATIDE "Peppermill" case has been successfully brought to a close, resulting in a Czech Intelligence Officer, Josef LENSKY (), being declared <u>Persona non Grata</u> by the Danish Government. CATIDE is in the process of terminating their D/A, Hans SCHOEDEL ()</p> <p>@ KASTELL has admitted that they were suspicious of the CATIDE handling officer but their investigation leads them to believe he is clean, at least as far as SCHOEDEL is concerned. CATIDE has provided an interim summary of the case and hopes to provide us with a complete analysis when finished. Details as known to MLB are provided in this dispatch.</p>				
1. <u>CATIDE Summary of the Case:</u>				
<p>"a) Hans SCHOEDEL was recruited by the Czech Intelligence Service (CIS) through his sister, Erika KOTLAROVA, widowed KOESTER, nee SCHOEDEL in October 1958. She was at that time a Czech citizen and lived until 29 December 1962 in Branany, Kreis Bilina, CSSR. She is now located in Dresden A 21, Glasewalderstrasse 42/I, East Germany. SCHOEDEL had three meetings with the CIS before he reported to the LTV Hamburg. In April 1959 the case was turned over to CATIDE. Since 7 November 1961 the CIS has handled SCHOEDEL through personal meetings, agent radio and secret writing. He was given two accommodation addresses in the CSSR. Under CIS orders personal contact between SCHOEDEL and his sister was cut off.</p>				
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Group I Excluded from automatic Downgrading and declassification				
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE		
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"b) Up to 24 April 1965 SCHOEEL had 29 meetings with his CIS handlers: 22 in East Berlin, one in Switzerland, two in Austria and four in Denmark. From October 1958 to April 1965 he received exactly 100 tasks from the CIS which he carried out with CATIDE's permission; the tasks were broken down as follows:

- "(1) Personality Investigations: SCHOEEL was asked to report background information on eighty-nine individuals, among them two CATIDE staffers. He had the general task of reporting all he knew about members of the Hamburg LfV.
- "(2) Military: SCHOEEL was given five tasks in the military field. His targets included FALLEX 62, military activity in the Buxtehude area, the Border Police, Bundeswehr training, and he was also asked to provide samples of forms used by the Bundeswehr.
- "(3) Political: SCHOEEL was given three general tasks to report on political parties, the labor unions and HIAG (Organization of former Waffen SS members).
- "(4) Economic: SCHOEEL was asked to report on North German firms located in Hamburg, Juelich and Geesthacht, especially those involved in transportation, supply and atomic energy.

"c) From October 1958 until April 1965 CATIDE was able to identify eleven CIS agent handlers and support personnel; ten of them have been identified in true name. These individuals and the positions they held during the time they were involved with SCHOEEL are as follows: (we have added the 201 numbers)

- "(1) <Jaroslav ANTOS (): Third Secretary of the CSSR Embassy in East Berlin. He had previously in July 1958 been declared persona non grata by the Swiss government. > ∞
- "(2) <Ludek HOCHMANN (): Employee of the CSSR 'Culture House' in East Berlin. > ∞
- "(3) <Rudolf REZEK (): Employee of the CSSR Embassy in East Berlin. > ∞
- "(4) Alias PAWEL (true name not known): Met with SCHOEEL in Vienna.
- "(5) <Vaclav SMISEK (): Attaché in the CSSR Embassy in Bern, Switzerland. > ∞
- "(6) <Stanislav ZDARSKY (): Employee of the CSSR Legation in Vienna (acted as a countersurveillance). > ∞
- "(7) <Slavoj FROUS (): Third Secretary of the CSSR Legation in Vienna (acted as a countersurveillance). > ∞
- "(8) <Zdenka FROUSOVA: Employee of the CSSR Legation in Vienna (acted as a countersurveillance with her husband, Slavoj FROUS). > ∞
- "(9) <Josef LENSKY (): Third Secretary of the CSSR Legation in Copenhagen (acted as most recent CIS handling officer). > ∞

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<p>"(10) < Frantisek HORA (): Cultural Attaché of the CSSR Legation in Copenhagen (acted as a counter-surveillant). > ∞</p> <p>"(11) < Jaroslav KRAML (): Attaché of the CSSR Legation in Copenhagen (acted as a countersurveillance). > ∞</p>		
<p>RID: Please cross-reference this dispatch to the appropriate 201 files cited above.</p>		
<p>"d) To date SCHOBEL has received DM 19,210 from the CIS. His compensation from CATIDE amounted to DM 6,825.</p>		
<p>"e) According to CATIDE the operation had ceased to be profitable because it no longer provided a possibility of penetrating the opposition service. They had planned to terminate the project in June 1964 but extended it because of the change of meeting sites from Vienna to Copenhagen. Since nothing useful appeared in the case during the Denmark phase CATIDE had no objections to the Danish action of arresting and expelling SCHOBEL and LENSKY.</p>		
<p>"f) CATIDE states that the incident of the arrest and expulsion was covered in detail in the Danish press but only briefly in the German news media.</p>		
<p>"g) CATIDE believes that the CIS will now be forced to analyze the case and will come to the conclusion that the information they received from SCHOBEL (as provided by CATIDE) is of no use to them."</p>		
<p>2. <u>Additional Details Provided Orally by @ KASTELL:</u></p>		
<p>a) KASTELL confirmed the details of the meeting, arrest and PNG action as provided in Reference A but stated that the press accounts were greatly exaggerated as we reported in Reference B. CATIDE's agreement with the () had called for the name of their agent to be kept secret. SCHOBEL's behavior during the time of arrest in Denmark was considered satisfactory from CATIDE's point of view. Furthermore, SCHOBEL had noted his surveillants at the next-to-last meeting and reported the surveillance to CATIDE but apparently not to LENSKY, otherwise the latter would most likely not have shown at the last meeting. CATIDE will question SCHOBEL further and will pick up enough stray items from their "peppermill" coverage to try to bluff him into telling more than he might otherwise be inclined to tell.</p>		
<p>b) KASTELL admitted that their headquarters review of the case (actually by KUTZBACH and PETERSEN) made them suspicious of the CATIDE case officer who handled SCHOBEL. Their monitoring of the operation was to clarify that issue. The regular case officer was taken off the job and replaced by a second agent handler so we presume it was the first one they were suspicious of. To make sure there were no last minute leaks that could spoil the planned arrest and PNG action, KASTELL and KUTZBACH kept most of the details to themselves and told others only what they needed to know to do their various assigned tasks. Not even MARWITZ, who was acting CE chief in Headquarters, was briefed. A surveillance team was sent from Munich to keep an eye on both CATIDE case officers who had handled SCHOBEL. An officer from the Dienststelle was sent to SCHOBEL's home ostensibly to protect his family while SCHOBEL was meeting his CIS officer (the wife knew of his D/A status) but actually to keep an eye on her. CALLIKAK coverage had earlier been placed on both CATIDE case officers and SCHOBEL's family. As far as KASTELL and KUTZBACH know, they and UTILITY were the only ones (in CATIDE) who knew what was to happen in Copenhagen. As it turned out there were no leaks and LENSKY showed. As far as can be determined none of the people being covered by CALLIKAK received any message from the CIS.</p>		
<p>FORM 5-60 53c (40)</p>	<p>CLASSIFICATION K A P O K / S E C R E T</p>	<p>PAGE NO. 3</p> <p><input checked="" type="checkbox"/> CONTINUED</p>

c) CATIDE has not yet made its analysis of the case but KASTELL gave us his preliminary review of the case. He now believes that the CIS never learned that SCHOEEL had been doubled. He bases this on LENSKY's behavior; KASTELL believes LENSKY would probably not have accepted a handwritten document (used as the basis for the PNG action) in a public restaurant if he had known he was handling a D/A, even if he had presumed that SCHOEEL was basically loyal to the CIS. KASTELL believes the CIS viewed SCHOEEL as a regular reporting agent whose bona fides had been established. As to SCHOEEL, KASTELL suggested that he might well have been playing off both services on behalf of a "Schwarze Kapelle". KASTELL said SCHOEEL was an old SS man and that many of the individuals he checked out for the CIS were former SS men. (This brings to mind ☐ information on the RIS-penetrated secret Nazi organization, "HACKE".) KASTELL suspects, however, that UJDROWSY knew of the case and believes it possible the Soviets may have decided not to tell the Czechs for some mysterious reason of their own. He mentioned UJDROWSY's SD background in this connection. Finally KASTELL feels that the CATIDE case officers are clean, at least as far as this case is concerned. He has promised to provide us with a complete wrap-up on the case when it is completed.

3. Highlights of CATIDE/MLB Discussions of the Case (early phase):

a) CATIDE began discussing this case with MLB on 10 February 1960 and on 31 March 1960 identified the D/A as SCHOEEL.

b) On 24 May 1960 KUTZBACH stated that a graphological analysis of SCHOEEL's handwriting showed him to be completely untrustworthy.

c) On 31 March 1960 KUTZBACH also identified the CATIDE case officer handling SCHOEEL as V-1204; our records indicate V-1204 is Gerhard BARTKE ☐ ☐; see paragraph 6 b below.

d) On 11 August 1960 KUTZBACH stated that SCHOEEL's case officer, who was considered by CATIDE to be a competent man, did not trust SCHOEEL but that no attempt had yet been made to test SCHOEEL.

e) On 1 September 1960 KUTZBACH said little progress was being made in the case and that the CIS appeared to be withdrawing. He admitted, however, that CATIDE was providing the agent with deception material.

f) On 11 October 1960 KUTZBACH said that CATIDE was convinced that the agent was dishonest. CATIDE had run a surveillance on SCHOEEL in Hamburg and SCHOEEL had made a mysterious visit to a cemetery. When asked about it SCHOEEL denied he had ever been there. KUTZBACH was concerned because SCHOEEL apparently had no way to get in touch with the CIS. It was also at that time that KUTZBACH said that they hoped they could get SCHOEEL to arrange to meet his Czech case officer in Denmark.

g) In March 1961 it was reported that CATIDE had surveilled a meeting between SCHOEEL and a Czech case officer (a new one) in Zurich, Switzerland, and that they had been able to determine that SCHOEEL was withholding information.

h) On 22 June 1961 Headquarters wrote (EGMW-10835) that their review of the case made them doubt SCHOEEL's sincerity vis-a-vis CATIDE.

i) SCHOEEL visited East Berlin on 17/18 June 1961 where he received training in radio and SW and received a new cover name. He was given a new Prague address as an accommodation address to use instead of that of his sister (MLB Comment: This last item was reported by CATIDE completely straight-faced as far as we can determine from the file. Although they knew all along he had a sister in Prague whom they strongly believed to be a CIS agent and although they also knew he was in correspondence with her, it apparently never occurred to CATIDE that she was his accommodation address -- see subparagraph (f) above.)

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<p>j) On 27 November 1961 immediately after the arrest of UJDROWSY, KUTZBACH stated that he was sure the case had been blown by UJDROWSY. The latter had no need-to-know this case but KUTZBACH was certain that either he (KUTZBACH) or @ Dr. SCHREITER had told UJDROWSY about the case. KUTZBACH also noted that SCHOEBEL was the first CATIDE D/A who had visited East Berlin after the wall was erected.</p> <p>k) On 8 February 1962 KUTZBACH changed his position somewhat and said he thought there was a 60% chance UJDROWSY had not learned of the SCHOEBEL case.</p> <p>l) In 1962 and 1963 SCHOEBEL began to have his meetings in Vienna. The last we had heard from KUTZBACH (late 1963) was that future meetings would take place in "some northern country".</p> <p>m) From 1961 to 1964 SCHOEBEL was shown photographs of various CIS officers whom we had very good reason to believe were involved in the SCHOEBEL case but in most instances he failed to come up with a positive identification.</p> <p>n) CATIDE was on record as late as July 1964 that they were still in touch with SCHOEBEL.</p>		
<p>4. <u>CATIDE/MLB Discussions of the Case (closeout phase):</u></p>		
<p>In September 1964 CATIDE asked for the use of a KUBARK audio listening transmitter device to be used to monitor a meeting of a CATIDE D/A with his opposition case officer. Although CATIDE was successful until recently in hiding the true facts of the case from MLB, [] through the [], learned that the meetings took place in Copenhagen and that the opposition case officer was Josef LENSKY [] a Czech Intelligence Officer assigned to the Czech Embassy in Copenhagen. It also appeared from information passed by one CATIDE staffer to [] that the case had UJRANDOM aspects since the real suspect was allegedly the CATIDE case officer who handled the D/A being watched. It was the possible UJRANDOM aspects of the case that were of greatest interest to us as is attested by the previous traffic on the case. As the case continued more and more facts came out both in Munich and Copenhagen until CATIDE finally decided to discuss the case with us in a completely open manner.</p>		
<p><u>MLB Comment:</u> The piecemeal revelation of facts in this case both in Copenhagen and in Munich by CATIDE is a perfect example of how CATIDE should not conduct liaison. We have talked on the case to @ PETERSEN, @ SCHIRLING, @ DOELLNER, @ KASTELL, and @ KUTZBACH and it appears that several different CATIDE staffers traveled to Copenhagen for discussions in connection with this case. We had discussed the case first with PETERSEN who went to great lengths to disguise the location and other aspects of the case (he actually contradicted himself in the process). The first time we were informed officially that the Czech Service was involved was on 8 February 1965 when @ DOELLNER told [] that at the first meeting both Czech and German were spoken. DOELLNER was obviously not aware of how much PETERSEN had told us. Then KUTZBACH blew the case on 2 April because he had not participated in any previous discussions and had apparently not read any contact reports, (assuming that PETERSEN and the others have written any). In KUTZBACH's defense it must be said that he had discussed the case with MLB personnel in detail over a period of three years and may have assumed that no attempt had been made to disguise the facts from us. It is possible that PETERSEN and other CATIDE officers involved had not realized that this case had been exposed to KUBARK in the past and therefore made the perfectly natural attempt to reveal as little as possible about it. We can also understand their reluctance to reveal their suspicions against one of their own staffers.</p>		
<p>FORM 53c 5-60 (40)</p>	<p>CLASSIFICATION K A P O K / S E C R E T</p>	<p>PAGE NO. <input checked="" type="checkbox"/> CONTINUED 5</p>

5. Key Questions Remaining:

a) Who was the CATIDE officer who told [] that the real target of their operation was the D/A's case officer who was believed to be a recruited CIS agent and furthermore an individual about whom KUBARK had warned CATIDE years before. (ODCA 12606, 6 November 1964)

b) Who was the CATIDE case officer that was under suspicion?

6. Comments on Paragraph 5 Above: (Although we realize, of course, that theorizing can be most dangerous in cases such as this, we present some of the possibilities below in the hope that they may in the final analysis provide us with additional facts.)

a) We had invited @ PETERSEN to attend a movie and to bring his subordinates on 15 October 1964. Only KASTELL and DOELLNER were able to make it and we were informed that PETERSEN, KUTZBACH, and @ Dr. MARETZ were out of town on a dry run with the audio device. It is possible that @ SCHIRLING, the CATIDE technician who was briefed on the equipment by [] of MKTOPAZ on 22 September 1964, was also in Copenhagen. It was presumably at that time that one of the CATIDE staffers drank too much and talked too much. At this point KUTZBACH appears to be the most likely candidate because he has full background knowledge on the case (34 meetings, etc.) and has been in liaison with us (on this and other CE cases) longer than any of the others; he, therefore, was more likely to be aware of our having informed CATIDE about one of their own officers.

b) In view of what we have now learned about the case we are quite at a loss as to why the drunken CATIDE staffer told the story he did to []. There was nothing in our files prior to the receipt of ODCA 12606 to indicate that the CATIDE case officer handling SCHOEEL was ever considered a security risk by either CATIDE or KUBARK. In this connection we found a contradiction as to who SCHOEEL's CATIDE case officer actually is. According to the SCHOEEL file the case officer was V-1204 who is Gerhard BARTKE []. BARTKE lives in Hamburg and works out of CATIDE's Dienststelle 11 but his activity in the past has always been connected with positive operations directed against the Soviet Zone. In checking through the Dienststelle 11 file we learned that in 1961 SCHOEEL was run by Dienststelle 11 and that his case officer was @ HERMANN. We have a carded reference to an @ HERMANN who was believed to be working in Hamburg for Dienststelle 11 in 1958. He was described as being born about 1918, round face, scar at right temple, dark blond hair, 5'8" tall, 170 lbs., stocky figure, wore glasses. There was no V-number listed. We checked every @ HERMANN for whom we could find a V-number but none of them fit the description of the one in Hamburg. Reference A information that the CATIDE case officer might have been subject to recruitment by SCHOEEL, possibly on the basis that they were both former SS officers, would tend to eliminate BARTKE as the CATIDE staffer under suspicion. Our files indicate that he was never in the SS or related organizations. It could very well have been @ HERMANN but we know very little about him. We fail to see how the drunken CATIDER could have been thinking of BARTKE or @ HERMANN when he told [] about KUBARK's warning.

c) In view of the evidence to date we can construct another theory for the story told by the drunken CATIDE staffer. If the staffer in question was indeed KUTZBACH it is almost certain that he was in a position to learn of KUBARK suspicions of both UJDREADFUL and @ Dr. SCHREITER. He may have wished to embellish a case that really was not so important and made up a story that was basically correct but one which had nothing to do with the SCHOEEL case. There is no evidence that UJDREADFUL ever had anything to do with the case, but @ Dr. SCHREITER did, especially in regard to the deception material given to the agent. It should be noted that there was no love lost between KUTZBACH and SCHREITER so that the former might not be adverse to telling a derogatory story about

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RECHERCHER. We can only add that no matter who the CATIDE staffer was and whether how garbled the story was that he told while drunk, he certainly committed a serious security violation.

As a final note, our candidate for the anti-SS CATIDE staffer mentioned in Reference A is KASTELL. While neither KUTZBACH's nor KASTELL's names indicate either of them was involved in the 20th of July plot or had been in trouble with the SS, KASTELL is known to be anti-SS and his long years of service as an Army officer meant he certainly must have had friends among the officers who were involved in the 20th of July affair.

8. We will forward CATIDE's final report and analysis of the case as soon as it is received. We will, of course, appreciate any further information ☐ we be able to provide.

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